



CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Adopt resolution authorizing the City of Lodi to endorse the California Memorandum of Understanding in support of the National Action Plan for Energy Efficiency (EUD)

MEETING DATE: October 18, 2006

PREPARED BY: Electric Utility Director

RECOMMENDED ACTION: Adopt a resolution authorizing the City of Lodi to endorse the California Memorandum of Understanding (MOU) in support of the National Action Plan for Energy Efficiency (NAPEE).

BACKGROUND INFORMATION: The United States Department of Energy and the Environmental Protection Agency are co-sponsoring the NAPEE. These two agencies have developed a series of voluntary recommendations and best practices for organizations across the country to promote energy efficiency.

The key elements of the NAPEE include:

- recognizing energy efficiency as a priority resource;
- making a strong commitment to implementing cost effective energy efficiency;
- promoting energy efficiency across the nation; and
- implementing a proactive public communications program which highlights the benefits of energy efficiency.

To demonstrate support for the NAPEE, a MOU has been sponsored by the California Governor's office, the California Energy Commission, the California Public Utilities Commission, the Natural Resources Defense Council and many of the states larger electric utilities including the Sacramento Municipal Utility District and the Los Angeles Department of Water and Power. The MOU has also been endorsed/executed by the Northern California Power Agency and a number of individual NCPA member agencies.

A strong commitment to energy efficiency is no stranger to the City of Lodi, its citizens and business owners. As a municipal organization, the City of Lodi has invested hundreds of thousands of dollars into energy conservation efforts since 1999 -- efforts designed to conserve energy and reduce utility operating costs. Some of the measures have included:

- the installation of light-emitting diode technology in traffic signals (a move that has reduced energy consumption by 75 percent per signalized intersection);
- the installation of high efficiency lighting at parks and recreation facilities;

APPROVED: 
Blair King, City Manager

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- the installation of an energy management system at Hutchins Street Square; and
- the installation of compact fluorescent lamps and other high efficiency lighting in city-owned facilities.

To assist the general public in achieving energy efficiency, Lodi Electric Utility launched a series of programs in early 1999 designed to promote and encourage energy conservation:

- **Lodi Appliance Rebate Program** -- rebates are provided for purchasing high efficiency refrigerator, dishwashers and clothes washers;
- **Lodi Energy Efficient Home Improvement Rebate Program** -- rebates are provided for purchasing and installing new air ducts, attic/wall insulation, ceiling/attic fans, whole house fans, and more;
- **Lodi Commercial Rebate Program** -- rebates are provided to small businesses who pursue designated and approved energy efficiency measures;
- **Lodi Industrial/Large Customer High Efficiency Rebate Program** -- rebates are provided to Lodi's largest energy users for installing various conservation measures;
- **Lodi HVAC System Performance Testing** -- Lodi Electric Utility was the first California utility to offer computer diagnostics testing of residential heating/cooling/ventilation systems (over 1,200 Lodi residences have been tested since the program's inception two years ago); and
- **Lodi Energy Audit Program** -- free energy audits are provided on-line or on-site for residential and small commercial customers. These audits are designed to promote energy efficiency, and assist customers in reducing monthly energy consumption.

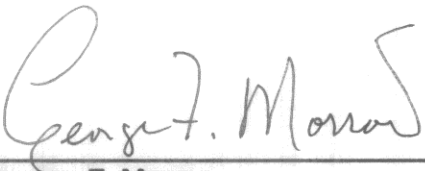
The citizens of Lodi have responded to these and other energy efficiency programs in fairly dramatic fashion. During fiscal year 2005-2006, over 3,860 Lodi homeowners and business owners/managers participated in the various rebate/energy conservation programs made available to them by the Electric Utility Department. The total energy savings achieved by the efforts of Lodians this past fiscal year were in excess of 970,000-kilowatt hours of energy. In addition, EUD provided 34 classroom presentations on energy conservation and renewable energy resources to students of all ages. These numbers provide just a glimpse of Lodi's overall commitment to energy efficiency.

By way of this Council agenda item, and Council action, the City of Lodi has the opportunity to officially endorse the National Action Plan for Energy Efficiency, and more specifically, support the California MOU pledging the Golden State's support of NAPEE.

Lodi Electric Utility respectfully recommends approval of this resolution.

FISCAL IMPACT: Not applicable.

FUNDING: Not applicable.



George F. Morrow
Electric Utility Director

Prepared By: Rob Lechner, Manager, Customer Service & Programs

GFM/RSL/ist

Attachment

**MEMORANDUM OF UNDERSTANDING
PLEDGING THE SUPPORT OF THE STATE OF CALIFORNIA
FOR THE NATIONAL ACTION PLAN FOR ENERGY EFFICIENCY**

WHEREAS,

- Cost-effective energy efficiency, conservation and demand response resources are reliable, least cost, energy resource options with proven capability for helping meet the country's energy needs. Significant investment in cost-effective energy efficiency, conservation and demand response resources can help to stabilize energy prices, enhance electric system reliability, reduce pollution emissions from power plants, reduce natural gas demand, and provide significant cost savings to customers. Despite these substantial benefits, energy efficiency, conservation and demand response options remain critically underutilized resources in much of the nation's overall energy portfolio;
- Recognizing that a great portion of the country's energy efficiency potential remains untapped, the United States Environmental Protection Agency and the United States Department of Energy joined together to sponsor the development of a National Action Plan for Energy Efficiency;
- The goal of the National Action Plan for Energy Efficiency is to create a sustainable, aggressive commitment to energy efficiency by gas and electric utilities, utility regulators, and partner organizations to help meet the nation's energy needs;
- To kick-off the development of the National Action Plan for Energy Efficiency, the United States Environmental Protection Agency and the United States Department of Energy brought together representatives from more than 50 leading organizations representing key stakeholder perspectives in setting policy for electricity and natural gas services to form a Leadership Group for the National Action Plan. The members of the Leadership Group join with each other to promote increased national investment in energy efficiency resources and the widespread adoption of best practices through the development and implementation of the collaboratively-created National Action Plan for Energy Efficiency;
- When forming the Leadership Group, the United States Environmental Protection Agency and the United States Department of Energy invited the California Energy Commission, the California Public Utilities Commission, the Natural Resources Defense Council, Pacific Gas and Electric Company, Sacramento Municipal Utility District, and Southern California Edison Company to join other stakeholders from around the country to collaboratively develop the National Action Plan. By signing this MOU, signatories now also join with their energy efficiency Leadership Group colleagues from California, the other western states and across the nation to participate in the ongoing collaborative development, roll-out and implementation of the National Action Plan;

- The Leadership Group for the National Action Plan for Energy Efficiency:
 - Recognizes that utilities and regulators have critical roles in creating and delivering energy efficiency programs to their communities;
 - Understands that success requires the joint efforts of the customer, utility, regulator, and partner organizations;
 - Commits to work across their spheres of influence to remove barriers to cost-effective energy efficiency and to take action within their own organizations to increase attention and investment in energy efficiency; and,
 - Supports policy recommendations for creating a sustainable, aggressive national commitment to energy efficiency through electric and gas utilities and partner organizations;

- At the same time that the National Action Plan for Energy Efficiency was being developed, California's energy leadership was also working with its counterparts in the Western Governors' Association to develop the Western Governors' Clean and Diversified Energy Initiative;

- In its January 2006 Energy Efficiency Task Force Report, the Clean and Diversified Energy Advisory Committee found that it would be feasible to cost effectively reduce electricity use 20% from projected levels in 2020 through full deployment of best practice policies and programs. The best practices identified in the Western Governors' Clean and Diversified Energy Advisory Committee report include many of the same policies and practices identified in the National Action Plan for Energy Efficiency, and already adopted or currently under consideration in California. These best practices include the integration of cost effective energy efficiency into resource planning and procurement, the establishment of energy savings targets, and the decoupling of energy sales and revenues in combination with the creation of performance incentives that reward utilities for implementing effective DSM programs;

- Consistent with its participation in these national and regional initiatives, the energy policy leadership of the State of California has steadfastly demonstrated its commitment to the pursuit of cost-effective energy efficiency, conservation, and demand response options as the resource of first choice for meeting the State's energy needs, including through the following actions:
 - California Law – The Governor and Legislature recently codified energy efficiency as the State's top priority resource, requiring that each electric and natural gas utility "first meet its unmet resource needs through all available energy efficiency and demand reduction resources that are cost effective, reliable, and feasible";
 - California's Energy Action Plan – In California's Energy Action Plan, the California Public Utilities Commission and the California Energy Commission have designated cost-effective energy efficiency and demand response options as

first in California's "loading order" of resources to meet the State's growing energy needs. The California Energy Action Plan affirms the value of integrating energy efficiency, conservation, and demand response programs (as well as renewable resources) into overall resource planning and procurement;

- Green Building Action Plan Executive Order – Governor Schwarzenegger's 2004 Executive Order S-20-04 calls for aggressive action to:
 - reduce State building energy usage by undertaking all cost-effective measures described in the Green Building Action Plan in facilities owned, funded or leased by the State, and to encourage cities, counties and schools to do the same,
 - reduce grid-based energy purchases for State-owned buildings by 20% by 2015,
 - adopt Department of General Services guidelines to enable and encourage schools built with State funds to be resource and energy efficient,
 - provide California Public Utilities Commission support for investor-owned utilities' information and commercial building efficiency programs,
 - propose a benchmarking methodology and building commissioning guidelines by the California Energy Commission,
 - undertake all California Energy Commission actions within that agency's authority to increase efficiency in new construction,
 - target resource efficient buildings for California Public Employees Retirement System and State Teachers Retirement System real estate investment, and
 - request participation by State government entities not under the Governor's direct executive authority;
- California's Building and Appliance Codes and Standards – The California Energy Commission has set the nation's strongest energy efficiency codes and standards for new buildings and appliances. California keeps these codes and standards updated approximately every three years through a public process;
- California's Statewide Marketing and Outreach – Under the oversight of the California Public Utilities Commission, California's investor-owned utilities promote and support a statewide marketing and outreach campaign that educates consumers about energy efficiency, conservation and demand response opportunities. California's statewide marketing and outreach efforts are designed to support the U.S. Environmental Protection Agency and Department of Energy's "ENERGY STAR" efforts and provide information about programs available for California consumers. California's current statewide marketing and outreach campaign offerings include the "Flex Your Power" and "Flex Your Power Now" general awareness campaigns, as well as associated Spanish-language media and rural community outreach campaigns;
- California's Investor-Owned Utilities' Investment in Cost-Effective Energy Efficiency and Demand Response Resources – California's investor-owned utilities (Pacific Gas and Electric Company, San Diego Gas and Electric Company, Southern California Edison Company, and Southern California Gas

Company) continue their longstanding active commitment to pursuing all cost-effective energy efficiency, conservation, and demand response resources. The investor-owned electric utilities are putting these demand-side resources first in their resource planning and procurement “loading order” for meeting their customers’ energy needs and the gas utilities are pursuing all cost-effective energy efficiency resources to reduce natural gas demand. Working collaboratively with the California Public Utilities Commission, California’s investor-owned utilities have secured the nation’s highest program funding levels to mount the most aggressive energy efficiency and demand response campaign in California’s – and the country’s – history;

- California’s Municipally-Owned Utilities’ Demonstrated Commitment to Energy Efficiency, Conservation, and Demand Response Resources – California’s municipally-owned utilities have sustained their commitment to energy efficiency, conservation and demand response resources over many years as a key resource strategy and customer service value, and that commitment will continue as municipal utilities pursue with renewed vigor all opportunities for cost effective investment in innovative programs and technologies to meet customers’ energy and service needs, accelerate market adoption of emerging technologies, and potentially develop new measures which may be considered for future adoption into California’s energy efficiency codes and standards;
- As a direct result of California’s wise energy policies, aggressive actions and long-standing commitment to the pursuit of capturing the benefits of energy efficiency, conservation, and demand response resources, California’s per capita energy use has remained approximately flat over the past 30 years, while per capita electricity consumption in the U.S. has increased by nearly 50 percent. This remarkable accomplishment is attributable to the combination of the State’s continued progress in cost-effective building and appliance standards and the ongoing success of the energy efficiency programs of California’s utilities and other entities. California’s results have been validated through careful analyses of program potential and cost-effectiveness, as well as rigorous measurement, verification and reporting of program results to substantiate that consumers are receiving the benefits of their investment in demand-side resources;

NOW, THEREFORE, THE SIGNATORIES TO THIS MEMORANDUM OF UNDERSTANDING PLEDGING THE SUPPORT OF THE STATE OF CALIFORNIA FOR THE NATIONAL ACTION PLAN FOR ENERGY EFFICIENCY DO HEREBY PLEDGE:

- Active support for the development, promotion and implementation of the National Action Plan for Energy Efficiency, including:
 - Supporting the ongoing development of the National Action Plan for Energy Efficiency by reviewing the working group reports and considering their recommendations for adoption;
 - Participating in the national roll-out of the National Action Plan for Energy Efficiency (scheduled for July 31, 2006, at the NARUC Summer Committee meetings in San Francisco, California) by issuing a press release on that date stating the signatory's support for recommendations from the National Action Plan for Energy Efficiency and pledging specific continuing and expanded commitments to the promotion, funding and implementation of energy efficiency in California;
 - Providing resources to promote recommendations from the National Action Plan for Energy Efficiency at speaking engagements and other educational opportunities, including participation in "buddy system" outreach efforts in which the signatories engage fellow political leaders, regulators, utilities and other stakeholders to inform them about the National Action Plan for Energy Efficiency's best practice findings and recommendations; and,
 - As appropriate for each signatory, continuing to model California's best practices and policies identified in the National Action Plan for Energy Efficiency, including:
 - designation of energy efficiency as a high priority resource option;
 - adoption of targets for energy efficiency;
 - pursuit of energy efficiency resources under a long-term resource planning and procurement framework;
 - institution of a regulatory framework that encourages utility investment in energy efficiency; and
 - sharing California's successes with others interested in energy efficiency and learning from others' successes in the planning and delivery of cost-effective energy efficiency programs.

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RESOLUTION NO. 2006-187

A RESOLUTION OF THE LODI CITY COUNCIL AUTHORIZING
THE CITY OF LODI TO ENDORSE THE CALIFORNIA
MEMORANDUM OF UNDERSTANDING IN SUPPORT OF THE
NATIONAL ACTION PLAN FOR ENERGY EFFICIENCY

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WHEREAS, the United States Department of Energy and the Environmental Protection Agency are co-sponsoring the National Action Plan for Energy Efficiency (NAPEE); and

WHEREAS, these two agencies have developed a series of voluntary recommendations and best practices for organizations across the country to promote energy efficiency; and

WHEREAS, the key elements of the NAPEE include:

- recognizing energy efficiency as a priority resource;
- making a strong commitment to implementing cost effective energy efficiency;
- promoting energy efficiency across the nation; and
- implementing a proactive public communications program, which highlights the benefits of energy efficiency.

WHEREAS, in order to demonstrate support for the NAPEE, a Memorandum of Understanding (MOU) has been sponsored by the California Governor's office, the California Energy Commission, the California Public Utilities Commission, the Natural Resources Defense Council, and many of the states larger electric utilities, including the Sacramento Municipal Utility District and the Los Angeles Department of Water and Power. The MOU has been endorsed/executed by the Northern California Power Agency (NCPA) and a number of individual NCPA member agencies; and

WHEREAS, staff recommends that the City Council officially endorse the NAPEE and support the California MOU pledging the Golden State's support of the NAPEE.

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council hereby adopts this Resolution endorsing the California MOU in support of the NAPEE.

Dated: October 18, 2006

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I hereby certify that Resolution No. 2006-187 was passed and adopted by the Lodi City Council in a regular meeting held October 18, 2006, by the following vote:

AYES: COUNCIL MEMBERS – Beckman, Hansen, Johnson, Mounce, and
Mayor Hitchcock

NOES: COUNCIL MEMBERS – None

ABSENT: COUNCIL MEMBERS – None

ABSTAIN: COUNCIL MEMBERS – None


RANDI JOHL
City Clerk